

# **EXHIBIT D**

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HIGHLY CONFIDENTIAL

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In Re: REFCO INC., et al.

Debtors Case No. 05-03064

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\*\*\*HIGHLY CONFIDENTIAL\*\*\*

DEPOSITION OF RICHARD DEITZ

New York, New York

January 24, 2006

Reported by:

KATHY S. KLEPPER, RPR, RMR, CRR

JOB NO. 5977

<p style="text-align: right;">Page 166</p> <p>1           <b>HIGHLY CONFIDENTIAL - Deitz</b>    2 are in our motion?</p> <p>3           MR. WEBER: No. No, but caring for    4 Buenos Aires residents is.</p> <p>5           MR. ROSSMAN: Objection.    6           Ask him if he cares. I'm sure he'll    7 tell you that he does.</p> <p>8           Q. How are the VR assets exposed to a    9 variety of foreign currencies like Indonesian    10 rupiah, Thai baht, Korean won, Russian rubles,    11 Argentine pesos and Brazilian R-E-A-I-S?</p> <p>12          A. Reais.    13          Because, quite simply, we have    14 securities denominated in all of those    15 securities.</p> <p>16          Q. What does VR ordinarily do to manage    17 those securities?</p> <p>18          A. We actively manage and we hedge many    19 of these risks.</p> <p>20          Q. How do you hedge those risks?</p> <p>21          A. We hedge them through FX forwards,    22 currency options, other tools that are available    23 for hedging, and we hedge them through active    24 trading and management of positions.</p> <p>25          MR. WEBER: Andy, why don't we take</p>	<p style="text-align: right;">Page 168</p> <p>1           <b>HIGHLY CONFIDENTIAL - Deitz</b>    2 A. Yes, based on discussions and it was    3 based on the -- we operated a relationship over    4 a five-year period, and every, every, you know,    5 indicia of that sort of relationship was    6 supported by the business that we did with each    7 other.</p> <p>8          Q. Now, are there onshore entities that    9 provide prime brokerage services?</p> <p>10         A. Are there onshore in the U.S.?</p> <p>11         Q. Yes.</p> <p>12         A. Presumably, yes.</p> <p>13         Q. Did VR earn a greater return on its    14 assets by using Refco as opposed to a regulated    15 broker-dealer?</p> <p>16         A. No.</p> <p>17         Q. Did VR authorize RCM to repo out    18 securities?</p> <p>19         A. The only securities that we authorized    20 to repo were specific repo transactions that we    21 entered into --</p> <p>22         Q. Okay.</p> <p>23         A. -- with Refco. But if you're asking    24 did we authorize them to repo, without our    25 knowledge, securities held in our account,</p>
<p style="text-align: right;">Page 167</p> <p>1           <b>HIGHLY CONFIDENTIAL - Deitz</b>    2 just two minutes. I think I'm just about    3 done. Let me look over my notes and see if    4 there's anything else.</p> <p>5           (Recess; Time Noted: 4:56 p.m.)</p> <p>6           (Time Noted: 5:14 p.m.)</p> <p>7          BY MR. WEBER:</p> <p>8          Q. Mr. Deitz, I think I'm about ready to    9 wrap it up, as much fun as this has been. Just    10 a few questions.</p> <p>11          A. As much time as you need.</p> <p>12          Q. You're familiar with the concept of a    13 broker-dealer, correct?</p> <p>14          A. Yes.</p> <p>15          Q. Is it your understanding that a    16 broker-dealer has to physically segregate    17 securities that are on deposit with it?</p> <p>18          A. It's my understanding that a    19 broker-dealer does segregate assets.</p> <p>20          Q. Was it your understanding that RCM    21 would treat securities the same way as a    22 broker-dealer?</p> <p>23          A. Yes.</p> <p>24          Q. And that was based on discussions with    25 Adam Weiss?</p>	<p style="text-align: right;">Page 169</p> <p>1           <b>HIGHLY CONFIDENTIAL - Deitz</b>    2 absolutely not. It wasn't something that we    3 even conceived could happen.</p> <p>4          Q. I wasn't entirely clear on your    5 testimony earlier as to the precise functions of    6 a prime broker, as you understand it, and I    7 didn't really have time to take notes because we    8 were going pretty fast.</p> <p>9          A. Sure. You want to re-read the    10 testimony?</p> <p>11         Q. As I understand it, generally, prime    12 broker function includes execution, clearing and    13 settlement, is that fair?</p> <p>14         A. I would say, no, if you read -- I    15 think it's consistent with what I said earlier,    16 clearing, settlement and custody.</p> <p>17         Q. Clearing, settlement and custody?</p> <p>18         A. Would be the core prime brokerage    19 functions.</p> <p>20         Q. Is custody typically long-term,    21 short-term, or --</p> <p>22         A. Custody is for as long as you hold the    23 security.</p> <p>24         Q. So it doesn't have any special    25 connotation in terms of time?</p>